

Interim Report First Nine Months 2005

Flughafen Wien AG



VIC Vienna
International
Airport
Open for new horizons

Key Figures for the First Nine Months 2005

Financial Indicators

(financial data in T€)	1-9/2005	Change in %	1-9/2004
Total turnover	304,909.6	+1.8	299,464.9
EBIT	82,085.7	-5.5	86,862.8
EBIT margin ¹⁾ in %	25.5	-8.5	27.8
EBITDA margin ²⁾ in %	38.0	-3.1	39.2
Net profit after minority interests	66,414.3	+10.5	60,109.2
Cash flow from operating activities	76,561.1	-36.4	120,468.2
Equity	657,554.8	+6.4	617,790.6
Capital expenditures ³⁾	192,290.9	+88.7	101,885.8
Employees at the end of the period ⁴⁾	3,447	+6.2	3,247

Industry Indicators

	1-9/2005	Change in %	1-9/2004
MTOW ⁵⁾ (in tonnes)	4,931,118	+5.7	4,664,498
Passengers	12,070,706	+7.3	11,246,211
Transfer passengers	4,123,754	+5.5	3,909,894
Flight movements	174,787	+3.7	168,578
Cargo (air cargo and trucking; in tonnes)	166,429	+9.1	152,569
Seat occupancy ⁶⁾ (in %)	66.5	+0.5	66.2

Notes:

- 1) EBIT margin (earnings before interest and taxes) = EBIT/Operating income
- 2) EBITDA margin (earnings before interest, taxes, depreciation and amortisation) = EBIT + depreciation/Operating income
- 3) Tangible and intangible assets
- 4) Weighted average number of employees at the end of the period incl. apprentices and employees on official non-paying leave (maternity, military service, etc.) excl. the Management Board and managing directors
- 5) MTOW: maximum take-off weight for aircraft
- 6) Seat occupancy: Number of passengers/Available number of seats

Information on the Flughafen Wien Share

Share price on 31.12.2004 in EUR	55.70
Share price on 30.9.2005 in EUR	56.00
Market cap as of 30.9.2005 in EUR mill.	1,176.00
Index weighting (ATX) in %	1.7862

Ticker Symbols

Reuters	VIEV.VI
Bloomberg	FLUG AV
Datastream	O:FLU
ISIN	AT0000911805
ÖKB-WKN	91180
ÖTOB	FLU
ADR	VIAAY

Stock Exchange Listings

Vienna, Frankfurt (Xetra), London (SEAQ International), New York (ADR)

Shareholders' Letter

**Dear Ladies and Gentlemen,
Dear Shareholders,**

The Flughafen Wien Group was able to continue its successful growth course during the first nine months of 2005 and also set key milestones for its future development. With an increase of 7.3% in the number of passengers to more than 12 million, traffic at Vienna International Airport again grew faster than the European average. This upward trend was supported by a strong rise in demand for destinations in the Near East and Middle East, which recorded a plus of 34.2%. We were also able to strengthen our outstanding market position in travel to Eastern Europe with an increase of 10.0%. Major impulses were provided by the low-cost carriers, which recorded solid growth of 25.5% and now represent 12.3% of the total passenger volume at Vienna International Airport.



In order to safeguard the competitive ability of Vienna International Airport over the long-term, we continued and intensified our efforts to optimise both price and incentive policies. Our programmes include an increase in the transfer incentive as of April 2005 and the reduction of landing and parking tariffs in October 2004. The development of traffic confirms the correctness of these strategic decisions, even if the result has been a slowdown in revenue growth. Turnover recorded by the Flughafen Wien Group for the first nine months of 2005 rose by 1.8% to EUR 304.9 million, or less than the increase in traffic. A decline in turnover recorded by the Airport Segment was contrasted by substantial gains in the Handling and Non-Aviation Segments, which underscores our competitive ability in the liberalised handling business as well as our strength in the retail, real estate and parking sectors. Operating costs show an increase in personnel expenses that paralleled the upward trend in traffic as well as a substantial rise in the cost of energy, fuel, materials and services. An 88.7% increase in capital expenditure to EUR 192.3 million led to a plus of 13.6% in depreciation, which reached EUR 40.4 million following the completion of numerous projects during the year. As a result, income before interest and taxes (EBIT) declined 5.5% to EUR 82.1 million. Financial results increased EUR 6.3 million to EUR 7.9 million despite an investment-related decline in interest income. This improvement resulted primarily from the reversal of the revaluation reserve in the previous year after the sale of funds as well as the write-up of a loan granted during the third quarter of 2005. Profit before tax rose 1.8% to EUR 90.0 million and net profit for the period increased 10.8% to EUR 66.8 million, above all due to a reduction in the corporate tax rate.

With over 12 million passengers during the first nine months of 2005, we have already reached the level recorded for all 12 months of 2002. This rapid development creates new challenges every day, and is also clearly reflected in the investment activities of the Flughafen Wien Group. A number of projects including the air traffic control tower, the addition of a further storey to Car Park 3 and Handling Center West have already been successfully completed this year. Work on other ventures such as Car Park 8, the VIP and General Aviation Center and Hangar 5 is proceeding quickly. However, the greatest challenge for the coming years is formed by the realisation of the VIE-Skylink Terminal: after years of preparatory work and planning, further tenders are currently in progress. The scheduled opening remains unchanged in the fourth quarter of 2008.

Our participation in the tender for privatisation of the two Slovakian airports, Bratislava und Košice, as part of the "Airport TwoOne" consortium is also of strategic importance. We are convinced that the close cooperation planned by the Flughafen Wien Group will provide an optimal basis for all parties to develop the enormous growth potential inherent in the Vienna-Lower Austria-Bratislava region. We expect a decision on this project towards the end of 2005.

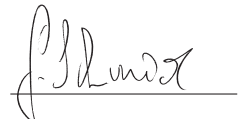
In conclusion, we would like to take this opportunity to thank our shareholders and customers for their confidence and also thank our employees for their commitment and motivation. Vienna International Airport has a strong starting position to make the best use of the challenges presented by the future – and we invite you to join us on this road.



Christian Domany
Member of the
Management Board



Herbert Kaufmann
Member and Speaker
of the Management Board



Gerhard Schmid
Member of the
Management Board

Status Report

The Development of Traffic

The upward trend that took hold in the European air traffic branch during the previous year continued throughout the first nine months of 2005. In spite of slight economic weakness, growth was recorded both in the number of passengers and cargo volume. According to information provided by Airport Council International, the European airports recorded an average plus of 5.2% in the number of passengers from January to September 2005.

Vienna International Airport handled 12,070,706 passengers during the first three quarters of 2005, for an increase of 7.3% or roughly 825,000 over the comparable period of the previous year and another phase of growth above the European average. This solid development was supported by a wide range of factors, including the benefits provided by the strong market position of Vienna International Airport in travel to Eastern Europe (passenger volume +10.0%). In addition, Vienna was able to record a plus of 34.2% in the number of passengers travelling to the Near East and Middle East and substantial growth in destinations throughout the Far East (+8.9%), USA (+8.1%) and South America (+54%). The low-cost carriers again served as a major driver for passenger volume. They registered an increase of 25.5% for the first nine months of 2005 and increased their share of total passengers at Vienna International Airport to 12.3% (1-9 2004: 10.5%). The number of transfer passengers rose by 5.5% to roughly 4.1 million, and now represent more than one-third of all passengers in Vienna.

Maximum take-off weight (MTOW) totalled 4.9 million tonnes for the first nine months of 2005, which is 5.7% higher than the comparable period of the previous year. During this period, cargo volume (air cargo and trucking) rose by 9.1% to 166,429 tonnes. A total of 174,787 flight movements were registered during the first three quarters, for a plus of 3.7%.

Turnover

Turnover recorded by the Flughafen Wien Group rose by 1.8% to EUR 304.9 million during the first nine months of 2005. However, the three segments of business showed different development:

The Airport Segment reported a 1.7% decrease in turnover to EUR 142.3 million in spite of growth in the number of passengers. This decline was caused by price and incentive programmes that were introduced to safeguard the competitive position of Vienna International Airport.

Turnover in the Handling Segment increased 5.5% to EUR 97.4 million during the first nine months of 2005, based on a nearly constant market share of 90.7%. Handling activities rose by 3.4% and cargo volume grew by 9.1%.

The Non-Aviation Segment reported a plus of 4.6% in turnover to EUR 65.0 million. Higher revenues were recorded from parking (+15.9%), shopping and gastronomy (+8.4%) and energy supply and waste disposal (+23.6%). In contrast, revenues from security control services fell 14.8%.

The 37.5% rise in other operating income to EUR 17.3 million resulted from an increase in the capitalisation of internally generated assets, which were produced above all by Vienna Airport Infrastruktur Maintenance GmbH. This subsidiary of the Flughafen Wien Group started operations on 1 January 2004 and provides electro-technical infrastructure services.

Expenses

The cost of materials and services rose by 25.6% to EUR 24.1 million. This development was triggered primarily by the purchase of items such as energy distribution equipment and electrical and cable materials that are used by Vienna Airport Infrastruktur Maintenance GmbH in work performed for Flughafen Wien AG (+ EUR 3.6 mill.). The equipment produced with these materials is recognised as internally generated assets under other operating income. Increases were also recorded in the cost of fuels and energy as well as third party services for private aircraft handling. Expenses for de-icing and other materials declined during the first three quarters.

Additional hiring as well as wage and salary increases mandated by collective bargaining agreements led to an increase of 8.7% in personnel expenses to EUR 134.1 million. In order to meet the growth in traffic, the workforce was enlarged 6.2% to 3,447 during the first nine months of this year.

Depreciation and amortisation increased 13.6% to EUR 40.4 million, above all due to the completion and start-up of major investment projects such as the new air traffic control tower, north-east apron, Handling Center West and addition to Car Park 3.

Other operating expenses fell 11.8% to EUR 41.5 million, primarily due to a EUR 4.2 million reduction in maintenance expenses to EUR 8.6 million – in the previous year these costs were unusually high at EUR 12.8 million.

Earnings

Third Quarter of 2005

Income before interest and taxes (EBIT) decreased 4.2% from the comparable period of 2004 to equal EUR 31.1 million for the third quarter of 2005. This decline was triggered by an increase in personnel expenses as a result of expansion and growth as well as higher costs for materials, services, amortisation and depreciation. Financial results improved to EUR 6.8 million, above all due to the write-up of a loan granted by 198.1%. Taxes on income declined by 10.9% and resulted in profit after minority interest of EUR 27.3 million for the third quarter, which represents a plus of 18.6%.

First Nine Months of 2005

Income before interest and taxes (EBIT) for the first nine months of the 2005 Business Year fell 5.5% to EUR 82.1 million. Operating income rose by 3.3 to EUR 322.2 million, which resulted in an EBIT margin of 25.5% – or 2.4 percentage points less than in the comparable period of 2004. The EBITDA margin declined 1.2 percentage points to 38.0%. Financial results improved by EUR 6.3 million to EUR 7.9 million. The high level of capital expenditure reduced the volume of funds available for investment, which led to a decline of EUR 4.5 million in net interest income to EUR 1.2 million. The EUR 10.7 million rise in other income from financing activities is related primarily to the reversal of the revaluation reserve in 2004 after the sale of funds and to the write-up of a loan granted during the third quarter of 2005. Profit before tax (EBT) therefore rose by 1.8% to EUR 90.0 million. The reduction in the Austrian corporate tax rate from 34 to 25% as of 1 January 2005 supported a 17.6% decrease in taxes on income to EUR 23.3 million, in spite of an increase in profit before tax and subsequent tax payments resulting from an audit. Profit for the period rose by 10.8% to EUR 66.8 million, whereby EUR 0.4 million of this amount is assigned to minority interests and EUR 66.4 million to the parent company.

Financial, Asset and Capital Structure

Net cash flow from operating activities fell EUR 43.9 million to EUR 76.6 million for the first nine months of 2005 following a substantial reduction in current provisions, higher income tax payments and a lower increase in liabilities compared to the previous year. Capital expenditure and additions to financial assets totalled EUR 193.1 million for the reporting period, and raised cash outflows for investing activities EUR 93.3 million to EUR 192.9 million. An increase of EUR 88.8 million in borrowings over the first nine months of 2005 and the EUR 42.0 million dividend payment for the 2004 Business Year brought cash flow from financing activities to EUR 46.8 million; the comparable prior year figure shows a minus of EUR 42.1 million. No outside financing was used during the previous periods. Cash and cash equivalents, including currency translation adjustments and the change in the revaluation reserve, declined by EUR 68.7 million from the level as of 31 December 2004 to EUR 39.3 million as of 30 September 2005.

The balance sheet total increased 9.9% over 31 December 2004 to equal EUR 1,047.0 million as of 30 September 2005. Non-current assets rose 20.5% to EUR 958.5 million due to the high level of capital expenditure. Additions to tangible and intangible assets increased 88.7% over the comparable prior year period to equal EUR 192.3 million for the first three quarters of 2005, and exceeded depreciation and amortisation of EUR 40.4 million by a substantial amount.

Current assets fell 43.5% below the level on 31 December 2004 to EUR 88.5 million as of 30 September 2005. Cash and cash equivalents decreased EUR 68.7 million to EUR 39.3 million because of higher capital expenditure and payment of the dividend for the 2004 Business Year.

Equity totalled EUR 657.6 million as of 30 September 2005, which represents an increase of 4.2% over the year-end value for 2004. This increase was supported by profit of EUR 66.8 million recorded for the first nine months of 2005 less payment of the EUR 42.0 million dividend for 2004. The equity ratio equalled 62.8%, compared to 66.3% at year-end 2004.

Non-current liabilities rose by 2.6% to EUR 103.5 million. Current liabilities grew 29.7% to EUR 286.0 million following an increase of EUR 88.8 million in borrowings. This outside financing was required because cash flow from operating activities was unable to completely cover capital expenditure and the dividend payment. Current provisions, including current tax provisions, decreased by EUR 38.7 million and trade payables rose by EUR 18.3 million.

Corporate Spending

The largest investments made during the first nine months of 2005 include the construction of the Air Cargo Center (EUR 34.5 mill.) and Handling Center West (EUR 19.2 mill.) with a related collector system (EUR 3.0 mill.), the air traffic control tower (EUR 9.5 mill.), VIP and General Aviation Center (EUR 13.0 mill.), expansion of the existing baggage handling facility (EUR 4.9 mill.) and north-east apron (EUR 10.9 mill.). Other projects include services for the Skylink project (EUR 12.9 mill.), an addition to Car Park 3 (EUR 6.8 mill.), construction of Car Parks 6 (east) and 8 (west) (EUR 11.5 mill.) and the construction of a temporary check-in hall (EUR 5.1 mill.).

Outlook

The positive development of traffic continued into October 2005. The number of passengers increased 6.1%, flight movements rose by 1.3% and maximum take-off weight showed a plus of 3.4%.

A number of airlines – including China Airlines, Maersk Air, Eurocypria Airlines and Cirrus Airlines – added Vienna to their flight schedules during the first three quarters of 2005. Moreover, the number of destinations increased from 152 in the previous year to 173 at the end of September 2005.

In addition to the operating challenges posed by the growth in traffic and current infrastructure limitations and the need to create temporary capacity, the many construction projects at the airport form the focal point of investments to safeguard the future success of the Flughafen Wien Group. For example, design work for the realisation of the second phase of the Office Park has been largely concluded, and construction of the north-east infrastructure building, Air Cargo Center, north-east equipment storage facility, VIP and General Aviation Center and Car Park 8 is well underway. The single most important project over the long-term is the construction of the new VIE-Skylink Terminal – after several years of planning, the lead construction company has been selected and further tenders are currently in progress.

Participation in the tender for privatisation of the two Slovakian airports, Bratislava und Košice, as part of the “Airport TwoOne” consortium (Flughafen Wien AG, Raiffeisen Zentralbank Österreich AG and Penta Investment Limited) is of particular strategic importance. We are convinced that the planned close cooperation will provide an optimal basis for all parties to develop the enormous growth potential inherent in the Vienna-Lower Austria-Bratislava region. We expect a decision on this project towards the end of 2005.

Segments

Airport

External turnover recorded by the Airport Segment declined 1.7% to EUR 142.3 million for the first nine months of 2005. This development was the result of a range of measures implemented to safeguard the competitive position of Vienna International Airport, which included the introduction of a frequency incentive as of 1 April 2004, a reduction in landing and parking tariffs as of 1 October 2004, an increase of EUR 2.00 per passenger in the transfer incentive from 1 April 2005 to 31 December 2005 and replacement of the fuel throughput charge with a less expensive infrastructure tariff for fuelling as of 1 June 2005. The passenger tariff was raised to EUR 13.50 as of 1 October 2004.

Operating expenses increased 2.8% to EUR 104.7 million, above all due to inter-company charges and higher depreciation. Other operating expenses, in particular maintenance, were reduced. EBIT reported by the Airport Segment totalled EUR 59.1 million, which is 7.2% less than the comparable period of the prior year.

Handling

The Handling Segment reported a 5.5% increase in turnover to EUR 97.4 million, whereby the strongest growth was generated by low-cost carriers and a 2.0% increase with the Austrian Airlines Group. This development was also supported by an increase in cargo revenues as well as individual services for private aircraft handling. Handling activities rose by 3.4% and cargo showed a plus of 9.1%. The average market share remained nearly constant at 90.7%, after 90.9% in 2004.

The high traffic growth rates necessitated additional hiring, which increased the number of employees by 5.5% to 1,848. The resulting rise in personnel expenses combined with internal charges triggered an increase of 8.7% in operating expenses to EUR 99.0 million. EBIT recorded by the Handling Segment declined by 10.3% to EUR 13.0 million.

Non-Aviation

External turnover recorded by the Non-Aviation Segment totalled EUR 65.0 million, for an increase of 4.6% over the comparable period of 2004. Growth was registered in parking (+15.9%), shopping and gastronomy (+8.4%) and energy supply and waste disposal (+23.6%). Primary turnover recorded by the shops and gastronomy facilities rose by 9.6%. In contrast, revenues from security services fell 14.8% following a new tender by the Republic of Austria that took effect on 1 January 2005.

An increase in the recognition of internally generated assets produced by Vienna Airport Infrastruktur Maintenance GmbH, which started operations on 1 January 2004, and higher revenues led to growth of 11.2% in operating income for the Non-Aviation Segment. Operating expenses rose by only 6.4%, which led to an increase of 27.8% in segment EBIT to EUR 29.6 million.

Interim Financial Report – First Nine Months 2005 according to IFRS

Flughafen Wien AG

Consolidated Income Statement

for the First Three Quarters of 2005 in T€	1–9/2005	1–9/2004	Change in %
Turnover	304,909.6	299,464.9	1.8
Other operating income	17,291.5	12,580.0	37.5
Operating income	322,201.1	312,044.9	3.3
Cost of materials and services	-24,111.5	-19,204.6	25.6
Personnel expenses	-134,128.1	-123,396.8	8.7
Depreciation and amortisation	-40,357.4	-35,522.4	13.6
Other operating expenses	-41,518.5	-47,058.3	-11.8
Income before interest and taxes (EBIT)	82,085.7	86,862.8	-5.5
Income from investments, excl. associates at equity	30.5	500.5	-93.9
Net financing costs	1,248.1	5,786.4	-78.4
Other income from financing activities	5,793.5	-4,917.9	-217.8
Financial results, excl. associates at equity	7,072.1	1,369.0	416.6
Income from associates at equity	875.8	234.1	274.1
Financial results	7,947.9	1,603.1	395.8
Profit before tax (EBT)	90,033.6	88,465.9	1.8
Taxes on income	-23,260.3	-28,214.2	-17.6
Net profit for the period	66,773.3	60,251.7	10.8
Thereof minority interests	358.9	142.5	151.8
Thereof parent company	66,414.3	60,109.2	10.5
Earnings per share (in EUR)	3.16	2.86	10.5

Consolidated Income Statement

for the Third Quarter of 2005 in T€	7–9/2005	7–9/2004	Change in %
Turnover	108,890.2	104,609.3	4.1
Other operating income	3,747.3	3,920.2	-4.4
Operating income	112,637.4	108,529.4	3.8
Cost of materials and services	-7,467.8	-5,211.6	43.3
Personnel expenses	-46,155.7	-42,062.8	9.7
Depreciation and amortisation	-13,805.7	-11,558.1	19.4
Other operating expenses	-14,096.7	-17,228.9	-18.2
Income before interest and taxes (EBIT)	31,111.6	32,468.0	-4.2
Net financing costs	176.9	1,391.2	-87.3
Other income from financing activities	5,741.2	-2.8	n.a.
Financial results, excl. associates at equity	5,918.0	1,388.4	326.2
Income from associates at equity	835.5	877.1	-4.7
Financial results	6,753.6	2,265.5	198.1
Profit before tax (EBT)	37,865.1	34,733.5	9.0
Taxes on income	-10,311.3	-11,579.0	-10.9
Net profit for the period	27,553.8	23,154.4	19.0
Thereof minority interests	207.7	92.6	124.2
Thereof parent company	27,346.1	23,061.8	18.6
Earnings per share (in EUR)	1.30	1.10	18.2

Consolidated Balance Sheet in T€	30.9.2005	31.12.2004	Change in %
ASSETS			
Intangible assets	6,297.2	6,655.6	-5.4
Property, plant and equipment	864,048.2	712,171.1	21.3
Associates – at equity	31,560.6	30,882.6	2.2
Other financial assets	44,045.8	36,112.7	22.0
Non-current receivables	390.9	390.9	0.0
Deferred tax assets	12,207.1	9,388.1	30.0
Non-current assets	958,549.8	795,601.1	20.5
Inventories	2,704.8	2,592.1	4.3
Current receivables and other current assets	46,482.2	46,140.3	0.7
Cash and cash equivalents	39,307.2	108,008.8	-63.6
Current assets	88,494.2	156,741.2	-43.5
Assets	1,047,044.0	952,342.3	9.9

EQUITY AND LIABILITIES

Share capital	152,670.0	152,670.0	0.0
Share premium	117,657.3	117,657.3	0.0
Retained earnings and reserves	386,757.0	360,554.2	7.3
Minority interests	470.5	111.5	321.8
Equity and liabilities	657,554.8	630,993.1	4.2
Non-current provisions	95,102.3	91,217.9	4.3
Other non-current liabilities	8,374.1	9,630.4	-13.0
Non-current liabilities	103,476.4	100,848.4	2.6
Current provisions for taxes	12,574.9	20,240.7	-37.9
Other current provisions	54,682.3	85,700.1	-36.2
Current financial liabilities	88,847.3	3.9	n.a.
Trade payables	83,581.1	65,270.5	28.1
Other current liabilities	46,327.2	49,285.6	-6.0
Current liabilities	286,012.8	220,500.8	29.7
Equity and Liabilities	1,047,044.0	952,342.3	9.9

Consolidated Cash Flow Statement in T€	1–9/2005	1–9/2004	Change in %
Net cash flow			
from operating activities	76,561.1	120,468.2	-36.4
from investing activities	-192,872.2	-99,566.8	93.7
from financing activities	46,843.4	-42,135.9	-211.2
Cash changes to cash and cash equivalents	-69,467.7	-21,234.5	227.1
Change in revaluation reserve for securities	747.9	3,536.5	-78.9
Effect of exchange rate fluctuations on cash held	18.2	8.6	111.9
Cash and cash equivalents at the beginning of the period	108,008.8	131,128.8	-17.6
Cash and cash equivalents at the end of the period	39,307.2	113,439.4	-65.3

Consolidated Statement of Capital and Reserves in T€	1–9/2005	1–9/2004	Change in %
Balance on 1.1.	630,993.1	590,435.9	6.9
Dividend payment for prior year	-42,000.0	-42,135.9	-0.3
Net profit for the first three quarters	66,773.3	60,251.7	10.8
Other changes	1,788.4	9,238.9	-80.6
Balance on 30.9.	657,554.8	617,790.6	6.4

Segment Results in T€	1–9/2005	1–9/2004	Change in %
Airport			
Segment turnover*	142,310.0	144,768.8	-1.7
Segment results	59,128.0	63,682.0	-7.2
Handling			
Segment turnover*	97,394.5	92,286.1	5.5
Segment results	12,965.2	14,451.8	-10.3
Non-Aviation			
Segment turnover*	65,027.0	62,196.0	4.6
Segment results	29,632.8	23,185.9	27.8

* External turnover